

EUCALYPTUS GROVES

FINANCIAL & BUDGET

| | 2005 BUDGET | "Projected" 2004 ACTUAL | 2003 ACTUAL | 2002 ACTUAL | 2001 ACTUAL |
|-----------------------------|---------------------|-------------------------------|---------------------|---------------------|---------------------|
| -- REVENUES -- | | | | | |
| OWNER ASSESSMENTS | \$579,960.00 | \$526,260.00 | \$506,110.44 | \$425,474.27 | \$381,269.21 |
| SPECIAL ASSESSMENT | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| INTEREST INCOME | 7,000.00 | 7,000.00 | 7,172.17 | 7,281.16 | 14,811.99 |
| OTHER INCOME | 0.00 | 1,000.00 | 1,446.60 | 1,576.04 | 1,675.53 |
| TOTAL REVENUE | \$586,960.00 | \$534,260.00 | \$514,729.21 | \$434,331.47 | \$397,756.73 |
| -- EXPENDITURES -- | | | | | |
| CLEANING | \$9,000.00 | \$9,000.00 | \$6,850.00 | \$7,835.00 | \$8,979.00 |
| ELECTRIC | 19,000.00 | 17,000.00 | 18,778.94 | 19,357.60 | 18,636.96 |
| LANDSCAPING | 57,000.00 | 56,000.00 | 57,543.12 | 56,197.14 | 43,156.60 |
| LANDSCAPING SUPPLY/EXTRAS | 20,000.00 | 20,000.00 | 10,670.08 | 4,971.64 | 15,620.00 |
| MANAGEMENT | 21,696.00 | 20,856.00 | 20,244.00 | 19,656.00 | 18,900.00 |
| PAINTING | 1,000.00 | 1,000.00 | 702.47 | 1,093.36 | 1,781.42 |
| POOL MAINT & SUPPLIES | 12,000.00 | 11,500.00 | 10,906.53 | 9,476.88 | 10,592.13 |
| POOL HEATING (GAS) | 8,000.00 | 8,000.00 | 6,368.37 | 6,580.61 | 7,414.01 |
| REPAIRS & MAINT | 100,000.00 | 100,000.00 | 174,021.42 | 130,818.34 | 96,324.87 |
| RUBBISH REMOVAL | 47,000.00 | 45,000.00 | 43,230.59 | 42,511.91 | 39,397.74 |
| PATROL/ALARM SERVICES | 5,000.00 | 5,000.00 | 1,120.00 | 0.00 | 0.00 |
| SUPPLIES | 2,500.00 | 1,500.00 | 3,812.96 | 1,898.62 | 894.84 |
| WATER & SEWER | 13,000.00 | 13,500.00 | 11,861.43 | 11,962.60 | 9,675.43 |
| INSURANCE | 70,000.00 | 68,000.00 | 62,102.77 | 55,456.65 | 60,321.75 |
| PEST CONTROL | 2,000.00 | 2,000.00 | 926.00 | 2,430.00 | 498.00 |
| PROFESSIONAL FEES | 1,200.00 | 2,000.00 | 925.00 | 910.00 | 1,955.00 |
| TELEPHONE (ENTRY GATE) | 600.00 | 500.00 | 471.87 | 460.02 | 432.72 |
| TAXES | 1,000.00 | 450.00 | 923.00 | 1,705.00 | 3,954.00 |
| MISCELLANEOUS | 4,000.00 | 3,000.00 | 2,098.93 | 3,521.64 | 890.82 |
| TOTAL | \$393,996.00 | \$384,306.00 | \$433,557.48 | \$376,843.01 | \$339,425.29 |
| Reserve Expenditures | 195,700.00 | 166,000.00 | 8,256.23 | 60,403.42 | 42,358.00 |
| TOTAL EXPENDITURES | \$589,696.00 | \$550,306.00 | \$441,813.71 | \$437,246.43 | \$381,783.29 |
| RESERVE Increase (Decrease) | (2,736.00) | (16,046.00) | 72,915.50 | (2,914.96) | 15,973.44 |
| TOTAL FUNDS NEEDED | \$586,960.00 | \$534,260.00 | \$514,729.21 | \$434,331.47 | \$397,756.73 |

MONTHLY FEES: In order to meet this budget, the monthly fees (assessments) will be:

(179 Units)

\$270.00 EFFECTIVE JANUARY 1, 2005

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Note: Units paying fees after the 15th day of the Month, will be charged a late charge of 10% of the amount due.

SPECIAL ASSESSMENT: No Special Assessment is anticipated in 2005.

| | | | | |
|-------------------------|---------------------|--------------|-------|--------------|
| "Projected" | | | | |
| FUNDS AVAILABLE: | Community West Bank | \$122,500.00 | | |
| 12/31/04 | 1st Bank | 87,500.00 | | |
| | Los Padres Nat Bank | 97,000.00 | | |
| | State Farm Bank | 97,000.00 | | |
| | Operating Account | 15,000.00 | TOTAL | \$419,000.00 |
| | | | | ===== |

EUCALYPTUS GROVES (Cont)

DELINQUENCY & LIEN POLICY: Unless otherwise stated all fees and assessments (including special assessments) are due on the first day of each month, in advance, and shall be delinquent 15 days after the due date. A late charge of 10% of the delinquent fee or assessment will be charged and added to the amount due. If fees, assessments, and/or late charges are unpaid at the end of any given month, a lien will be filed against the delinquent unit for the full amount due plus applicable interest, attorney fees, lien filing costs and other costs of collection. If the balance due is not paid within thirty (30) days after the lien is filed, the Association may take all any and all actions permitted by law including, but not limited to, filing suit and/or foreclosing the lien.

PRIOR ADR REQUIRED: Each year the association is required to disclose that before an association or member files a lawsuit to enforce the governing documents, (other than for the collection of assessments), the parties must attempt to resolve the dispute by use of Alternative Dispute Resolution. "Failure of any member of the Association to comply with the prefiling requirements of Section 1354 of the Civil Code may result in the loss of your rights to sue the association or another member of the association regarding enforcement of the governing documents."

INSURANCE: California Civil Code Section 1365 requires an annual insurance disclosure of the Association's insurance as follows:

GENERAL LIABILITY INSURANCE:

Company: Allstate Insurance Company

Coverage: \$2,000,000 Per Occurrence

Umbrella: \$1,000,000 Per Occurrence

Anniversary Date: November 15th

Deductible: None

Anniversary Date: March 5th

PROPERTY INSURANCE: **Coverage:** \$23,689,000

Company: Allstate Insurance Company

Anniversary Date: November 15th

Deductible: \$10,000

EARTHQUAKE INSURANCE: **Coverage:** \$21,700,000

Company: Great American E&S / Redland Insurance

Anniversary Date: November 15th

Deductible: 7.75% of the Insurance Coverage

FIDELITY INSURANCE: **Coverage:** \$150,000

Company: Allstate Insurance Company

Anniversary Date: November 15th

Deductible: \$250

FLOOD INSURANCE: The Association has none.

This summary of the association's policies of insurance provides only certain information, as required by subdivision (e) of Section 1365 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property, or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate coverage.

MINUTES AVAILABLE: Each year the Association is required to disclose that minutes for all Association or Directors' meetings are available to all owners. The cost, if any, of providing copies of the minutes is to be paid by the requester.

ASSESSMENTS AND NONJUDICIAL FORECLOSURE

The failure to pay association assessments may result in the loss of an owner's property without court action, often referred to as nonjudicial foreclosure. When using nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the lien is not paid. Assessments become delinquent 15 days after they are due, unless the governing documents of the association provide for a longer time. (Sections 1366 and 1367.1 of the Civil Code)

In a nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guests, if the governing documents provide for this. (Sections 1366 and 1367.1 of the Civil Code).

The association must comply with the requirements of Section 1367.1 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 1367.1 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail. Among these documents, the association must send a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 1367.1 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 1367.1 of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, he or she may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Sections 1367.1 and 1367.1 of the Civil Code)

An owner may dispute an assessment debt by giving the board of the association a written explanation, and the board must respond within 15 days if certain conditions are met. An owner may pay assessments that are in dispute in full under protest, and then request alternative dispute resolution. (Sections 1366.3 and 1367.1 of the Civil Code)

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 1367.1 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exist. (Section 1367.1 of the Civil Code)

The board of the directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 1367.1 of the Civil Code)"